CUNA
Credit Union National Association

601 Pennsylvania Ave., NW
South Building, Suite 600
Washington D.C 200004-2601

Phone: 202-638-5777
Fax: 202-638-7734

Submitted via: FTC.gov

May 26, 2015

Federal Trade Commission
Office of the Secretary, Room H-113 (Annex X)
600 Pennsylvania Avenue, NW
Washington, DC 20580

RE: The "Sharing" Economy: Issues Facing Platforms, Participants, and Regulators A Federal Trade Commission Workshop

Dear Members of the Federal Trade Commission:

The Credit Union National Association (CUNA) appreciates the opportunity to share comments in advance of the Federal Trade Commission's ("FTC") workshop to explore issues related to emerging internet peer-to-peer platforms—often called the "sharing" economy—and the economic activity these platforms facilitate. CUNA is the national trade association for America's state and federally chartered credit unions. CUNA represents America's credit unions and their more than 100 million members.

Transportation network companies (TNCs), such as Uber, Lyft, and Sidecar, present particular interest to credit unions. Many states are considering legislation to balance the spirit of entrepreneurship that these services represent with legitimate public safety concerns—including concerns about gaps in insurance coverage while engaged in TNC activities.

Credit Unions Have Concerns Regarding TNC Driver Insurance Requirements

TNCs operate a platform that connects independent drivers, generally using their personal vehicles, to passengers through the use of a mobile application or website. In this respect, the TNCs act similar to a taxi dispatch service, providing vehicles for hire on demand. TNC drivers are not generally considered employees of the TNC; rather they are considered independent contractors. Because TNC drivers are not employees and the vehicles they operate are not owned by the TNC, legitimate concerns exist with respect to whether or not TNC drivers are appropriately insured through all phases of operation.

Credit unions' interest in TNC operation relates to their role as lienholders on vehicles that could be used by TNC drivers. If not properly insured, credit unions are exposed to losses. We have encouraged states to require TNC drivers to have comprehensive and collision insurance through all aspects of TNC operation.

There are three periods of exposure for TNC drivers:

- Period 1: when the app is activated, but not matched to a passenger;
- Period 2: when a match is made and the driver is in route to pick up the passenger; and
- Period 3: when the passenger is being transported.

In general, TNCs provide insurance coverage during period 3; however, this coverage is not generally extended during periods 1 and 2. If a TNC driver gets in an accident during periods, which are uncovered, their personal insurance policy may not cover damages and the collateral against the lien may be jeopardized. Further, TNC drivers may be unknowingly jeopardizing their livelihoods.

Recently, Uber and major insurance companies including Allstate, Farmers, State Farm, Nationwide and USAA announced model TNC insurance legislation; however, this model legislation does not require drivers to have comprehensive and collision insurance coverage for personal vehicles that have liens on them.

To ensure drivers are protected during all periods, CUNA supports regulations that would:

- Require drivers using personal vehicles with liens on them to provide proof to lienholders and TNCs that they have comprehensive and collision insurance that provides coverage during all periods;
- Require coverage of at least $50,000 per person for death/bodily injury, $100,000 per incident for death/bodily injury and $25,000 for property damage during Period 1;
- Require coverage of $1 million when the driver is engaged in a prearranged ride, Periods 2 and 3;
- Require a TNC's insurance to cover claims if a driver's insurance lapses or does not meet the required coverage;
- Require TNCs to disclose to drivers that the driver's personal insurance policy may not provide coverage when the driver is engaged in TNC activities.

A comprehensive and collision insurance requirement is a common sense, consumer protection measure that does not create an undue burden for TNCs. Requiring TNC drivers utilizing vehicles with liens to provide proof of comprehensive and collision insurance to both TNCs and lienholders during the application process will ensure that if vehicles are damaged while drivers are engaged in TNC related activities, the vehicles will be repaired and drivers can resume activities—and lienholders' collateral will be made whole.

Conclusion

Thank you for the opportunity to express our views on emerging internet peer-to-peer platforms. We encourage the FTC to work closely with credit unions and TNCs to issue regulations that provide certainty and clarity for both drivers and lienholders, ensuring that all parties engaged in TNC transactions are properly insured and protected.

If you have any questions about our comments, please do not hesitate to contact me.

Sincerely,

Shelton Roulhac
Director of Advocacy
sroulhac@cuna.coop
202-508-6763